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5 February 1963

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PROCUREMENT DIVISION MEMORANDUM NO. 63-13

SUBJECT: Price and Cost Analysis

1. Effective with the issuance of this memorandum, actions by the Contract Branch and the [REDACTED] will comply with the procedures established herein with respect to (a) cost analysis and (b) price analysis, in all procurement actions involving \$100,000 or more unless a waiver of this requirement is obtained from the Chief, Procurement Division.

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2. Specifically excluded from this requirement are contracts or other procurement actions which are achieved through obtaining competitive bids from three or more sources in which responsive bids are actually received and/or the item is of proprietary nature. The procedures for analysis may be followed in cases involving less than \$100,000 where the Section Chief feels it is necessary to be assured of the reasonableness of the pricing results.

3. The requirements of Armed Services Procurement Regulation (1960 Edition Revision) Number 12, dated 26 November 1962, shall serve as the general guide and the requirements of this regulation will be met, particularly with respect to paragraph 3-807.4 which requires certification of compliance with cost analysis procedure and policies.

4. In all cost type contracts and price redeterminable contracts with the exception of those involving time and materials only, the following procedure will be carried out:

a. Cost breakdowns will be requested from prospective source or sources.

b. Consultation with the Project Engineer or other responsible individual will be held to familiarize the negotiator with the contractual objectives to be achieved.

c. Analysis of the cost or price proposals will be made in joint consultation with a representative of the Industrial Contract Audit Division, Office of the Comptroller, and a representative of the Engineering Section/Contract Branch/Procurement Division. At such meetings a course of action to be followed by the negotiator will be determined. If necessary and desirable a representative of the Industrial Contract Audit Division and/or the Engineering Section and, if also desirable, the Project Engineer may be invited to attend the negotiation.

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Excluded from automatic
downgrading and
declassification~~

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The negotiator shall be in charge of the negotiating team and others represented will be in an advisory capacity. If unexpected courses of action appear to be developing during the negotiation; an additional discussion between those Agency representatives who were present will be held for the purpose of clarifying the problem. If necessary, an additional meeting or meetings will be held for the purpose of further refinement of the negotiation.

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Chief, Procurement Division/OL

CONCUR:

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Chief, Industrial Contract Audit Division

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- 1 - Ea. PD Handbook
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